

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF determining  
Whether there has been a violation of the  
Securities Act of Washington by:

DEVON JEANNETTE ALCOTT

SDO - 26 - 00

FINAL ORDER TO CEASE AND DESIST

Case No. 96-03-0046

PROCEDURAL BACKGROUND

On January 6, 2000, the Securities Administrator of the State of Washington issued SDO-4-00, a Statement of Charges and Notice of Intention to Enter Order to Cease and Desist ("Statement of Charges"), against Devon Jeannette Alcott, DJA Investments, Inc., et al. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing and an Application for Adjudicative Hearing, were personally served on Devon Jeannette Alcott on January 22, 2000.

On February 9, 2000, Charles Carroll, a Spokane attorney, sent a letter notifying the Securities Division that he was appearing on behalf of Devon Jeannette Alcott and DJA Investments, Inc., a defunct corporation that was formerly wholly-owned by Ms. Alcott. Mr. Carroll represented that Ms. Alcott did not intend to contest the Statement of Charges or request an adjudicative hearing concerning the matters set forth in the Statement of Charges.

The Securities Administrator therefore will adopt as final the Findings of Fact and Conclusions of Law contained in the Statement of Charges and set forth below:

FINDINGS OF FACT

I.

RESPONDENTS

DJA Investments, Inc. ("DJA") was a Washington corporation that had its principal place of business at N. 1815 Hutchinson, #72, in Spokane, Washington. Devon Jeannette Alcott ("Alcott") was president of DJA. Michael Scott Parker ("Parker") offered and sold DJA investments.

II.

NEWSPAPER ADVERTISEMENTS

In 1995, Alcott placed advertisements in *The Spokesman-Review* offering investments from DJA Investments Inc. with a 10% annual return, \$5,000 minimum investment and three-year to five-year maturities and secured by a first deed of trust against single family real estate. The advertisements invited prospective investors to contact Alcott or Parker for more information.

III.

PERSONAL SOLICITATIONS

In 1995, Parker and Alcott offered and sold DJA investments totaling more than \$150,000 to at least six investors, several of whom were elderly. At least two of the investors were Washington residents. The investors were promised an 11% annual return on five-year investments that would be secured by real property interests. The investors were told that their funds would be used by DJA to buy and sell real property.

IV.

NONDISCLOSURES

When offering and selling the investments described above, Parker, Alcott and DJA failed to identify specific properties that would be purchased and the property values, and they failed to disclose how much funding was required and how much had been raised to date. They failed to disclose that Alcott would use investor funds to purchase a home for herself and her daughter. They represented that investors would receive ten percent or

1 eleven percent annual interest on the investments, with interest paid monthly, but they failed to disclose the risks  
2 of the investment, including the risk of inadequate capitalization. They failed to give the investors an income  
3 statement or balance sheet for DJA. They represented that the investments would be secured by real property, but  
4 they failed to identify any specific properties that would secure the investments, the value of the properties or the  
5 position of the security interests. They failed to disclose that they would not escrow investor funds and they  
6 would not record real property security interests in favor of the investors. They failed to disclose that Parker  
7 would receive an 8.5% sales commission for each investment that he solicited.

8 V.

9 DJA Investments, Inc. is not currently registered to sell its securities in the state of Washington and has  
10 not previously been so registered.

11 VI.

12 Devon Jeannette Alcott and Michael Scott Parker are not currently registered as securities salespersons or  
13 broker-dealers in the state of Washington and have not previously been so registered.

14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 CONCLUSIONS OF LAW

16 I.

17 The offer and/or sale of the investments described in paragraphs II and III of the Tentative Findings of  
18 Fact constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

19 II.

20 The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration has been  
21 filed in the state of Washington.

22 III.

23 Devon Jeannette Alcott and Michael Scott Parker have each violated RCW 21.20.040 by offering and/or  
24 selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

IV.

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because each of the Respondents made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

ORDER TO CEASE AND DESIST

Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED that Devon Jeannette Alcott and her employees, agents and representatives shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Devon Jeannette Alcott and her employees, agents and representatives shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

DATED this 15th day of February, 2000.

DEBORAH BORTNER  
DEBORAH R. BORTNER  
Securities Administrator

Presented by:

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Janet So  
Securities Examiner

Approved by:

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Michael E. Stevenson  
Chief of Compliance